



## Recovery of Improperly Disbursed Funds Letter

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Our review of your Schools and Libraries Universal Service Support Program (or E-rate) funding request has determined funds were committed in violation of Federal Communications Commission (FCC) rules. You have 60 days from the date of this letter to appeal the following decision(s). For more detailed information see below.

**Total amount to be recovered:** \$390,820.96

FCC Form 471	FRN	Commitment adjustment	Total amount to be recovered	Explanation(s)	Party to recover from
161038692	1699083171	\$0.00	\$390,820.96	Services delivered outside of funding year or after contract expired and USAC invoiced via SPI Form; Funds disbursed for ineligible services and USAC invoiced via SPI Form.; Services delivered to entity that was not approved to receive the service.	BEN AND SPIN

See Attached Adjustment Report for more information on the specific FRNs and Explanations listed above.

### Recovery of Improperly Disbursed Funds

Our review of your Universal Service Schools and Libraries Support Program (or E-rate) funding request(s) referenced in the Adjustment Report has determined funds were improperly disbursed in violation of Federal Communications Commission (FCC) rules. A copy of that Adjustment Report is also attached to this letter.

FCC rules require the Universal Service Administrative Company (USAC) to recover funding when it is determined that funding was disbursed in violation of the rules. This letter notifies you that USAC will be recovering funding that was improperly disbursed and provides information on how to appeal this decision.

This is NOT a bill. If disbursed funds need to be recovered, USAC will issue a Demand Payment Letter. The debt referenced in the Demand Payment Letter will be due within 30 days of that letter's date. Failure to pay the debt may result in interest, late payment fees, and administrative charges and will invoke the FCC's "Red Light Rule."

### FCC's Red Light Rule

The FCC Red Light Rule requires USAC to dismiss pending FCC Form 471 applications, appeals, and invoices or to net disbursements offsetting the debt if the entity responsible for paying the outstanding debt owed to the FCC has not paid the debt or made satisfactory arrangements to pay the debt within 30 days of the Demand Payment Letter. For information on the Red Light Rule, see

<https://www.fcc.gov/licensing-databases/fees/debt-collection-improvement-act-implementation>.



## To Appeal This Decision

If you wish to contest any part of this letter, you must first file an appeal with USAC to seek review of the decision. Parties that have filed an appeal with USAC and received an adverse decision may, if they choose, appeal USAC's decision to the FCC. Parties seeking a waiver of a codified FCC rule should file a request for waiver directly with the FCC because USAC cannot waive FCC rules. Your appeal to USAC or waiver request to the FCC must be filed within 60 days of the date of this letter.

All appeals filed with USAC must be filed in EPC by selecting "Appeal" from the menu in the top right hand corner of your landing page and providing the requested information.

Your appeal should include the following information. (Because you file the appeal through your EPC account, the system will automatically fill in some of these components for you).

- 1) Name, address, telephone number, and email address for the contact person for this appeal.
- 2) Indicate specifically that your letter is an appeal. Include the following to identify the USAC decision letter (e.g., Recovery of Improperly Disbursed Funds) and the decision you are appealing:
  - a. Appellant name;
  - b. Applicant name and service provider name, if different from appellant;
  - c. Applicant BEN and Service Provider Identification Number (SPIN);
  - d. FCC Form 471 Application Number and the Funding Request Number (FRN) or Numbers as assigned by USAC;
  - e. "Recovery of Improperly Disbursed Funds," AND the exact text of the decision that you are appealing.
- 3) Identify the problem and the reason for the appeal and explain precisely the relief sought. Please keep your appeal to the point, and provide supporting documentation. Be sure to keep a copy of your entire appeal, including any correspondence and documentation. A copy will automatically be saved for you in EPC. USAC will reply to your appeal submission to confirm receipt.

For more information on submitting an appeal to USAC including step by step instructions on how to file the appeal through EPC, please see "Appeals" in the Schools and Libraries section of the USAC website.

As mentioned, parties seeking a waiver of FCC rules or that have filed an appeal with USAC and received a decision may file a request for waiver or appeal USAC's decision to the FCC. Waiver requests or appeals to the FCC must be made within 60 days of the issuance of USAC's decision and include all of the information referenced above for appeals to USAC.

The FCC recommends filing appeals or waiver requests with the Electronic Comment Filing System (ECFS) to ensure timely filing. Electronic waiver requests or appeals will be considered filed on a business day if they are received at any time before 11:59 PM ET. If you have questions or comments about using the ECFS, please contact the FCC directly at (202) 418-0193.

For more information about submitting waiver requests or appeals to the FCC, including options to submit the waiver request or appeal via U.S. mail or hand delivery, visit the FCC's website.

Schools and Libraries Division



## Adjustment Report

FCC Form 471 Application Number:	161038692
Funding Request Number:	1699083171
Commitment Adjustment:	\$0.00
Total Amount to Be Recovered:	\$390,820.96
Explanation(s):	Services delivered outside of funding year or after contract expired and USAC invoiced via SPI Form; Funds disbursed for ineligible services and USAC invoiced via SPI Form.; Services delivered to entity that was not approved to receive the service.
Party to Recover From:	BEN AND SPIN
Funding Year:	2016
Billed Entity Number:	139347
Services Ordered:	Data Transmission and/or Internet Access
Service Provider Name:	BellSouth Telecommunications, LLC
SPIN:	143004824
Original Funding Commitment:	\$244,290.00
Adjusted Funding Commitment:	\$244,290.00
Funds Disbursed to Date:	\$586,296.00

## Funding Commitment Adjustment Explanation:

During a PQA review, it has been determined that funds were improperly disbursed for this funding request. Funding was disbursed for products and/or services delivered outside of the relevant funding year. FCC rules require applicants to use recurring services within the relevant funding year and to implement non-recurring services by the applicable deadline established by the Commission. The deadline for delivery of recurring services is June 30 of the funding year. The deadline for delivery and installation of non-recurring services is September 30 following the close of the funding year or the service delivery extension date granted in accordance with program rules. The Service Provider included bills that were outside the funding year of July 1, 2016 to June 30, 2017. While these requirements are placed on applicants, when service providers seek support, via a SPI, for services provided outside of the funding year, they violate these rules. Accordingly, USAC will seek recovery of \$294,060.54 of improperly disbursed funds for services delivered outside of the funding year from the service provider. During a PQA review, it was determined that funds were improperly disbursed for the following ineligible item: Late Fees. The pre-discount cost associated with this item is \$62,894.52. At the applicants 80% percent discount rate, this resulted in an improper disbursement of \$50,315.62. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, <http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx> for the Eligible Services List. In this situation, the Service Provider made the certifications on the SPI Form indicating that the services and/or equipment provided to the applicant were eligible for funding. On the SPI Form, the authorized person certifies that discount amounts for which reimbursement is sought represent charges for eligible services delivered to and used by eligible entities. Therefore, USAC has determined that the Service Provider is responsible for the rule violation. USAC will seek recovery of \$50,315.62 of improperly disbursed funds from the applicant. During a PQA review, it has been determined funds were improperly disbursed on this funding request. Services were delivered to an entity that was not approved on an FCC Form 471 and is therefore ineligible to receive discount services. FCC rules state that only eligible entities that make a bona fide request for support are eligible to receive benefits under the program. One Gig Fiber Circuits service was provided to Pitkin High School 80961, which was not listed on the FCC Form 471 as a recipient of service. Accordingly, USAC will seek recovery of \$46,444.80 of improperly disbursed funds from the applicant.